

INCOMING TELEGRAM

Department of State *Wack*

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Action

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FROM: BONN

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TO: Secretary of State

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ECONOMICS MINISTER ERHARD APPEARED BEFORE PRESS CONFERENCE YESTERDAY IN MOOD DESCRIBED AS QUIET AND CONTEMPLATIVE TO REPORT AT LENGTH ON RECENTLY COMPLETED VISIT NEAR AND FAR EASTERN COUNTRIES. FOLLOWING PRINCIPAL POINTS REPORTED ON PROBLEMS EASTERN COUNTRIES IN GENERAL:

1. AREA NUMBERING ABOUT 700 MILLION PEOPLE UNDERGOING GREAT CHANGES IN WHICH BASIC QUESTION IS WHETHER TOTALITARIAN METHODS DEMONSTRATED BY COMMUNISM IN CHINA WOULD HAVE GREATER INFLUENCE THAN COUNTRIES LIKE INDIA WITH MORE LIBERAL METHODS. EUROPE AS WELL AS AMERICA HAS ACTIVE INTEREST THIS MOVEMENT.
2. SOME COUNTRIES, NOTABLY UBOX# HAVE GIVEN GOVERNMENT-TO-GOVERNMENT ASSISTANCE, BUT THEY ARE OVERLY CAUTIOUS NOT TO CREATE SLAARH NEWSPRESSION# OF EXERTING POLITICAL INFLUENCE. HE HAS TOLD CERTAIN AMERICAN FRIENDS IT IS NECESSARY TO EFFECT STRONGER SOCIAL-ECONOMIC INFLUENCE TO BRING ABOUT IMPROVEMENT ECONOMIC SYSTEMS.

3. NOTED WITH SATISFACTION THAT UK REMAINS RATHER POPULAR IN COUNTRIES VISITED. GERMAN POSITION ALSO STRONG.

4. ONE OBSTACLE IS THAT VALUE OF HIGHER LIVING STANDARD NOT UNIVERSALLY ACCEPTED IN LESS DEVELOPED COUNTRIES.

5. GOVERNMENT AID FROM WEST NOT PRIMARY ANSWER. GERMAN PRIVATE CAPITAL SHOULD INTEREST ITSELF MORE ACTIVELY ONCE THOSE COUNTRIES CREATE ATTRACTIVE CONDITIONS AND REASONABLE SAFEGUARDS FOR INVESTMENT. HE STATED HE HAD BEEN SUCCESSFUL IN BREAKING DOWN LAST OBSTACLES AGAINST RETURN GERMAN EXTERNAL ASSETS CERTAIN COUNTRIES.

6. EUROPEAN ECONOMIC MUST ACCEPT STRUCTURAL CHANGES FLOWING FROM INDUSTRIALIZATION IN LDCS. HOWEVER, DC SHOULD NOT ATTEMPT OVERLY LARGE COMPLICATED PROJECTS BUT COMMENCE WITH SIMPLE MANUFACTURES.

7. ASKED ABOUT

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7. ASKED ABOUT EFFORTS TO IMPROVE INDUSTRIAL TRAINING IN LDCs, ERHARD SAID HE WOULD ADVOCATE RAISING GERMAN CONTRIBUTION TO DM 200 MILLION INSTEAD OF DM 50 MILLION NOW IN FOREIGN OFFICE BUDGET.

TRIMBLE

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HAS RECEIVED. CORRECTION TO FOLLOW.

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